

Nigeria Tax Data Card*

2008 / 2009

*connectedthinking

PRICEWATERHOUSECOOPERS 

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Introduction

Since our last publication, there have been significant changes to the Nigerian tax law. Key changes have been made to the Companies Income Tax Act, Value Added Tax Act and Withholding Tax regulations. In addition, the Federal Inland Revenue Service Act and the Nigerian Information Technology Development Act were recently enacted. These changes are reflected in this edition of Nigerian Tax Data Card.

The exchange rate of US\$ to Naira is about ₦118

1. Companies Income Tax (CIT)

CIT is levied on profits accruing in, derived from, brought into or received in Nigeria

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| Company liable | Any company doing business in Nigeria, whether resident (registered in Nigeria) or non resident (foreign company registered outside Nigeria) |
| Taxable income | A Nigerian company is liable to income tax on its worldwide income, that is, on its profits accruing in, derived from, brought into or received in Nigeria. A non resident company is liable to tax on its income derived from Nigeria, that is, income attributable to its Nigerian operation. |
| Basis of assessment | Preceding year basis, that is, tax is charged on profits for the accounting year ending in the preceding year of assessment. For example, if a company makes up its accounts to 31 December each year, in 2009 tax year, it will be assessed on the profits computed for the accounting year ended 31 December 2008. |
| Due date for filing income tax returns | Within 6 months of the company's accounting year end. A new company must file its returns within 18 months from the date of incorporation or 6 months after its first accounting period, whichever is earlier. In practice, the returns are delayed until the first working day of the following calendar year for companies with financial year end date between January and 30 June. |
| Due date for payment of CIT | 6 months after the accounting year end date along with tax returns. Subject to approval by the tax authority, a company may be allowed to pay its income tax in up to 6 monthly instalments. In practice, payment may be delayed until the first working day of the following calendar year for companies with financial year end date between January and 30 June. |
| Company income tax rate | 30% |
| Small company tax rate | 20% |

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| | Applicable to manufacturing companies and companies engaged wholly in export, within the first five years of operation, and where the turnover does not exceed N1 million. |
| Minimum tax | <p>Minimum tax is imposed where a company has no taxable profit or the tax payable is less than the minimum tax computed as follows: The highest of:</p> <ul style="list-style-type: none"> ▪ 0.5% of gross profit ▪ 0.5% of net asset ▪ 0.25% of paid up share capital ▪ 0.25% of turnover up to N500,000 <p>Plus</p> <ul style="list-style-type: none"> ▪ 0.125% of turnover in excess of N500,000. |
| Exemption from minimum tax | <p>A company is exempted from minimum tax if it meets any of the following conditions:-</p> <ul style="list-style-type: none"> ▪ It has been in operation for less than four calendar years; ▪ It has up to 25% imported equity in its paid up capital; ▪ It carries on agricultural trade or business. |

Capital Allowances

Capital allowances are granted in lieu of accounting depreciation. The applicable rates on qualifying assets are stated below:

| Qualifying Expenditure | Initial rate (%) | Annual rate (%) |
|---|-------------------------|------------------------|
| Buildings (Industrial & Non-Industrial) | 15 | 10 |
| Mining | 95 | Nil |
| Plant and Machinery: | | |
| Agricultural Production | 95 | Nil |
| Others | 50 | 25 |
| Furniture and Fittings | 25 | 20 |
| Motor Vehicles | | |
| Public transportation | 95 | Nil |
| Others | 50 | 25 |
| Plantation Equipment | 95 | Nil |
| Housing Estate | 50 | 25 |
| Ranching and Plantation | 30 | 50 |
| Research and Development | 95 | Nil |

Investment Allowances

This is granted at the rate of 10% to companies that incur expenditure on plant and equipment. Investment allowance is calculated on cost and is granted in the year of assessment in which the asset is first put into use. It is not taken into account in determining the tax written down value of the asset.

Separate investment allowances are also granted to businesses which are located not less than 20km away from the following facilities at the rates shown below:

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| No facilities at all | 100% |
| No electricity | 50% |
| No water | 30% |
| No tarred (paved) road | 15% |

Gas Utilisation incentives

Companies engaged in gas utilisation (downstream operations) are granted the following incentives:-

- Tax free period of 3 years which may be renewed for a further 2 years.
- Accelerated capital allowance after the tax free period.
- Tax free dividend during the tax free period.
- Tax deduction for interest payable on any loan obtained with the prior approval of the finance minister for a gas project.

Offences and Penalties

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| Late filing of returns | Failure to file tax returns attracts a penalty of N25,000 for the first month in which the failure occurs and N5,000 for each subsequent month in which the failure continues. Upon conviction, the responsible officer of the company may be liable to a fine of N100,000 or 2 years imprisonment or both. |
| Late or non payment of tax | A sum equal to 10% of the amount of tax payable plus interest at the bank lending rate. This is presently between 15.83% and 17.91% but the tax authority often use rates of up to 21% in practice. |
| Double Taxation Treaty | Nigeria currently has in-force Double Tax Treaty with Belgium, Canada, France, Netherlands, Pakistan, Romania, Czech Republic, Slovakia and United Kingdom. Nigeria has also signed Tax Treaties with South Korea and South Africa but these are yet to be ratified by the National Assembly. |

2. Petroleum Profits Tax (PPT)

PPT is tax on the income of companies engaged in upstream petroleum operations

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| Rates | 85% for petroleum operations carried out under a Joint Venture (JV) arrangement with the Nigerian National Petroleum Corporation (NNPC) or any non Production Sharing Contract (PSC) over 5 years 65.75% for non PSC operation in its first 5 years during which the company has not fully amortised all pre-production capitalised expenditure. 50% for petroleum operations under Production Sharing Contracts (PSC) with the NNPC |
|--------------|--|

| Returns | <p>Tax is payable on actual year basis</p> <p>Estimated tax returns must be filed within two months of the fiscal year (which runs from January 1st to December 31st)</p> <p>Actual tax returns must be filed within five months after the end of the accounting period, that is, not later than 31 May</p> | | | | | | | | | | | | | | | | | | |
|---|---|------|----------|--------------------|----|--|-------|---|-------|------|----------|---|----|---|---|---|---|--|---|
| Due date for payment of PPT | <p>Payable in 12 equal monthly instalments with a final 13th instalment (if there is an underpayment). The first instalment for the year is due by the end of March</p> | | | | | | | | | | | | | | | | | | |
| Penalties | <p><i>Late submission of returns:</i> Initial penalty of N10,000 and N2,000 for each day such failure continues</p> <p><i>Late payment of tax:</i> 5% of the tax payable</p> | | | | | | | | | | | | | | | | | | |
| Royalties | <p>The holder of an Oil Prospecting License (OPL) or an Oil Mining Lease (OML) is required to pay royalties to the Federal Government as soon as production begins. This is usually in form of monthly cash payments at the prescribed rate or oil.</p> <p>The rates are:</p> <p><i>In respect of JV Operations</i></p> <table border="1" data-bbox="344 724 1014 845"> <thead> <tr> <th>Area</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td>Onshore production</td> <td>20</td> </tr> <tr> <td>Offshore production up to 100 metres water depth</td> <td>18.50</td> </tr> <tr> <td>Offshore production beyond 100 metres water depth</td> <td>16.66</td> </tr> </tbody> </table> <p><i>In respect of PSCs</i></p> <p>The royalty rates applicable are graduated according to the depth of water from which the oil is mined. These are:</p> <table border="1" data-bbox="344 943 1014 1094"> <thead> <tr> <th>Area</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td>In areas from 201 to 500 metres water depth</td> <td>12</td> </tr> <tr> <td>In areas from 501 to 800 metres water depth</td> <td>8</td> </tr> <tr> <td>In areas from 801 to 1,000 metres water depth</td> <td>4</td> </tr> <tr> <td>In areas in excess of 1,000 metres water depth</td> <td>0</td> </tr> </tbody> </table> | Area | Rate (%) | Onshore production | 20 | Offshore production up to 100 metres water depth | 18.50 | Offshore production beyond 100 metres water depth | 16.66 | Area | Rate (%) | In areas from 201 to 500 metres water depth | 12 | In areas from 501 to 800 metres water depth | 8 | In areas from 801 to 1,000 metres water depth | 4 | In areas in excess of 1,000 metres water depth | 0 |
| Area | Rate (%) | | | | | | | | | | | | | | | | | | |
| Onshore production | 20 | | | | | | | | | | | | | | | | | | |
| Offshore production up to 100 metres water depth | 18.50 | | | | | | | | | | | | | | | | | | |
| Offshore production beyond 100 metres water depth | 16.66 | | | | | | | | | | | | | | | | | | |
| Area | Rate (%) | | | | | | | | | | | | | | | | | | |
| In areas from 201 to 500 metres water depth | 12 | | | | | | | | | | | | | | | | | | |
| In areas from 501 to 800 metres water depth | 8 | | | | | | | | | | | | | | | | | | |
| In areas from 801 to 1,000 metres water depth | 4 | | | | | | | | | | | | | | | | | | |
| In areas in excess of 1,000 metres water depth | 0 | | | | | | | | | | | | | | | | | | |
| Annual allowance | <p>Annual Allowance is granted in addition to PIA, in lieu of depreciation. The current rates are 20% for all category of Qualifying Capital Expenditure (QCE) in the first four years and 19% in the fifth year. The balance of 1% is retained in the books until the QCE is disposed.</p> | | | | | | | | | | | | | | | | | | |
| Investment allowance | <p>Petroleum Investment Allowance (PIA) is granted to a petroleum company in the first year a QCE is incurred. The following PIA rates are applicable to companies in JV operation:</p> | | | | | | | | | | | | | | | | | | |

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| | <p>QCE for</p> <p><i>Onshore operations</i></p> <p><i>Offshore operations:</i></p> <p>Up to and including 100m of water depth</p> <p>Between 100m and 200m water depth</p> <p>Beyond 200m water depth</p> | <p>Rate (%)</p> <p>5</p> <p>10</p> <p>15</p> <p>20</p> |
| | <p>PSC operators are entitled to Investment Tax Credit (ITC) at 50% of QCE for PSC executed prior to July 1998 and PIA of 50% for PSC executed with effect from July 1998.</p> | |
| Tax Incentives | <p>In addition to investment allowances, the following incentives are available to E&P companies</p> <p>Dividends paid by E&P companies are exempted from withholding tax.</p> <p>Graduated royalty rates to encourage offshore production</p> <p>Lower PSC tax rates to encourage offshore production</p> <p>Education tax is treated as a tax deductible expense for E&P companies</p> | |

3. Education Tax

Education Tax is payable by all Nigerian companies and is levied on assessable profit, that is, tax adjusted profit before capital allowances.

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| Rate | 2% |
| Exemption | Non resident companies and all unincorporated entities are exempted from education tax. |
| Due date for filing Education Tax Returns | There is no specific filing requirement. However, in practice, the tax is self assessed and filed together with company income tax. |
| Due date for payment of Education Tax | Based on the Education Tax Act, the FIRS is required to issue assessments for the tax which must be paid within 60 days of the service of notice of assessment. In practice, the tax is self assessed and paid 6 months after the accounting year end date |
| Penalty for non compliance | <p>5% of the tax, in addition to the principal tax due for failure to pay after 2 months of service of assessment notice.</p> <p>If after 2 months of service of assessment notice for the unpaid tax plus the 5% penalty on the company, the failure to pay still continues, the following additional penalties shall apply:</p> <p>First offenders N10,000 or imprisonment for a term of 3 years;</p> <p>Second or subsequent offenders N20, 000 or imprisonment for a term of 5 years or both.</p> |

4. Information Technology (IT) Tax

Payable by specified companies with a turnover of N100 million and above. The tax when paid is tax deductible for company income tax purposes

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| Rate | 1% of Profit Before Tax |
| Entities liable | GSM service providers and all telecommunications companies; Cyber companies and internet providers; Pension managers and pension related companies; Banks and other financial institutions; and Insurance companies. |
| Returns and Payment | IT Tax is assessed by FIRS and is payable within 60 days of service of a notice of assessment by FIRS |
| Penalty for non compliance | 2% of the tax payable. |

5. Capital Gains Tax (CGT)

CGT is tax on capital gains accruing to any person (company or individual) making a chargeable disposal of assets

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| Rate | 10% |
| Allowable deductions | Initial cost of the asset; Stamp duties; Cost of enhancing the value of the asset, Expenditure incurred in establishing, preserving or defending the title to, or right over the asset; Incidental expenses for the purpose of acquiring or disposing of the assets, such as fees, commission or remuneration paid for professional services of any surveyor, or valuer, or auctioneer, or accountant, or agent, or legal adviser and cost of transfer or conveyance; and Cost of advertisement to find a seller during acquisition and advertisement cost to find a buyer during disposal. |
| Non Allowable deductions | Premiums paid under a policy of insurance taken against any risk, or damage to, or injury to, or depreciation of or loss of an asset. Expenses that are deductible under Companies Income Tax Act or Personal Income Tax Act |
| Relief | Rollover relief can be claimed where proceeds of disposal are used to purchase a new asset of the same class as the disposed asset. The new asset must be acquired (or an unconditional contract for its acquisition formed) within twelve months before or twelve months after the disposal of the old asset. |

The classes of the assets eligible for relief are as follows:
 Class 1:
 1A - (i) Building (ii) Land
 1B - Plant or Machinery which does not form part of the building
 Class 2 - Ships
 Class 3 - Aircraft
 Class 4 - Goodwill

6. Withholding Tax (WHT)

WHT is an advance payment of income tax deductible at source on specified transactions. It can be applied as tax credit against income tax liability.

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|--|--|------------------|--------------------|
| Rates | Transactions | Companies | Individuals |
| | Dividend, interest & rent | 10% | 10% |
| | Royalties | 10% | 5% |
| | Hire of equipment, motor vehicles, plants, and machinery | 10% | 10% |
| | Commission, consultancy, technical and management fees, legal fees, audit fees, and other professional fees | 10% | 5% |
| | Construction | 5% | 5% |
| | All types of contracts and agency arrangements, other than sales in the ordinary course of business | 5% | 5% |
| | Directors' fees | N/A | 10% |
| Due date for filing WHT Returns | <p>In the case of WHT deducted from companies, remittance is due to the Federal Inland Revenue Service (FIRS) within 21 days after the duty to deduct WHT arose;</p> <p>In the case of WHT deducted from individuals and unincorporated entities, remittance is due to the State Internal Revenue Service (SIRS), within 30 days after the duty to deduct WHT arose.</p> <p><i>For FIRS WHT, the schedule of WHT deducted must be submitted in electronic form and must contain specific information such as the Tax Identification Number (TIN) of the various suppliers from whom the tax is deducted.</i></p> | | |
| Penalties | <p><i>Failure to remit WHT due to the FIRS:</i> a penalty of 10% of tax due and interest at commercial rate (currently up to 21%).</p> <p><i>Failure to remit WHT due to SIRS:</i> a fine of N5,000 or 10% of tax due, whichever is higher, in addition to the principal tax due and interest at the bank lending rate (currently up to 21%).</p> | | |

7. Value Added Tax (VAT)

VAT is chargeable on the supply of taxable goods and services except items specifically stated as exempt or zero-rated.

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| Standard rate | 5% |
| Registration | Within 6 months of commencement of business |
| Due date for filing VAT Returns | 21 st day of the month following the month of transaction |
| VAT deduction at source | The following are required to deduct VAT on their incoming invoices and remit to the FIRS: <ul style="list-style-type: none"> Oil and gas companies including oil service companies Government, government agencies and departments Resident entities in respect of transactions with non residents |
| Zero Rated Goods & Services | <ul style="list-style-type: none"> Non-Oil Exports Goods and Services purchased by diplomats Goods purchased for humanitarian donor-funded projects |
| Some Exempted Goods | <ul style="list-style-type: none"> All Exports Medical and pharmaceutical Products Basic food items Books and educational materials Plant, machinery and goods imported for use in free trade zones Plant, machinery and equipment purchased for utilization of gas in downstream petroleum operations Transactions, ploughs and agricultural implements purchased for agricultural purposes |
| Exempt Services | <ul style="list-style-type: none"> All export services Medical services Services rendered by community banks and mortgage institutions Plays and performances by educational institutions as part of learning |
| Recoverable Input VAT | Allowable input tax is restricted to <i>“goods purchased or imported directly for resale and goods which form the stock-in-trade used for the direct production of any new product on which the output tax is charged”</i> |
| VAT refund/carry forward | Excess input VAT may be carried forward as credit against future VAT payable. Alternatively, the FIRS Establishment Act provides for a cash refund within 90 days subject to appropriate audit by the FIRS. |
| Non Residents | Non-residents carrying on business in Nigeria are required to register for VAT using the address of the Nigerian customer with whom they have a subsisting contract. |

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| Penalties | <p><i>Failure to register for VAT:</i> N10,000 for the first month and N5,000 for every subsequent month in which the default continues.</p> <p><i>Failure to issue tax invoice:</i> Fine of 50% of the cost of the goods or services for which tax invoice was not issued.</p> <p><i>Failure to keep proper records:</i> N2,000 for every month in which the failure continues.</p> <p><i>Failure to submit returns:</i> Fine of N5,000 for every month in which the failure continues.</p> <p><i>Failure to remit VAT:</i> 5% per annum of the amount of tax not remitted plus interest at bank lending rate.</p> |
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8. Personal Income Tax (PIT)

Individuals, Partnerships and Unincorporated Trusts are taxed under the PIT Act

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|------------------------------------|---|---------------|----|--------------|----|--------------|-----|--------------|-----|----------------|-----|
| Basis of liability | <p>The basis of liability for PIT is residence. A person is considered resident in Nigeria if he:</p> <ul style="list-style-type: none"> is domiciled in Nigeria; is physically in Nigeria for at least 183 days in any 365-day period; or serves as a diplomat or diplomatic agent of Nigeria in a country other than Nigeria. | | | | | | | | | | |
| Rate | <p>PIT rate is applied on a graduated scale on taxable annual income as set out below:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="text-align: center; padding: 5px;">First N30,000</td> <td style="text-align: center; padding: 5px;">5%</td> </tr> <tr> <td style="text-align: center; padding: 5px;">Next N30,000</td> <td style="text-align: center; padding: 5px;">5%</td> </tr> <tr> <td style="text-align: center; padding: 5px;">Next N30,000</td> <td style="text-align: center; padding: 5px;">10%</td> </tr> <tr> <td style="text-align: center; padding: 5px;">Next N50,000</td> <td style="text-align: center; padding: 5px;">20%</td> </tr> <tr> <td style="text-align: center; padding: 5px;">Above N160,000</td> <td style="text-align: center; padding: 5px;">25%</td> </tr> </table> <p><i>Note: As a result of the 20% personal allowance the highest effective tax rate is about 20% as only 80% of earned income is taxed. (See reliefs and allowances below)</i></p> | First N30,000 | 5% | Next N30,000 | 5% | Next N30,000 | 10% | Next N50,000 | 20% | Above N160,000 | 25% |
| First N30,000 | 5% | | | | | | | | | | |
| Next N30,000 | 5% | | | | | | | | | | |
| Next N30,000 | 10% | | | | | | | | | | |
| Next N50,000 | 20% | | | | | | | | | | |
| Above N160,000 | 25% | | | | | | | | | | |
| Due date for filing Returns | <p>Within 90 days of the end of the fiscal year i.e. not later than 31 March</p> | | | | | | | | | | |
| Employers' Obligations | <p>Employers are required to deduct and account for personal income tax on the employment income of their employees through the Pay-As-You-Earn (PAYE) system</p> <p>PAYE tax must be remitted on or before the 10th day of the month following the payment of salary (e.g. PAYE tax deducted from January salary should be remitted by 10th of February)</p> | | | | | | | | | | |

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| Reliefs & Allowances | Personal allowance | N5,000 plus 20% of earned income* |
| | Child allowance | N2, 500 for each child up to a maximum of four children, provided that none is above 16 yrs or married. However, a relief can be granted for a child over 16 yrs if the child is in a recognized school, under artisanship or learning a trade; |
| | Dependent relative | N2,000 for each dependent relative up to a maximum of two relatives who are widowed or infirm; |
| | Housing | Maximum of N150,000 per annum |
| | Transport | Maximum of N20,000 per annum |
| | Disability allowance | N3,000 or 20% of earned income, whichever is higher |
| | Meal allowance | Maximum of N5,000 per annum |
| | Utility allowance | Maximum of N6,000 per annum |
| | Leave allowance | 10% of annual basic salary |
| | Reimbursements such as medical, car maintenance and cost of passage | Allowable to the extent that the expenses have been incurred and no element of profit to the employee |
| | Pension | Any amount contributed by the employee as pension under the Pension Reform Act 2004 |
| | * <i>“earned income” means income derived by an individual from a trade, business, profession, vocation or employment and pension derived from a previous employment.</i> | |
| Benefits in kind (BIK) | BIK provided to the employee by the employer such as official cars, accommodation, etc are deemed to be part of the employee's gross emoluments. The taxable benefit is 5% of the cost where the asset is owned by the employer or the actual rent paid where the asset is leased by the employer. BIK on accommodation is subject to exemption in some cases. | |
| Penalty for non payment of tax | 10% per annum of the amount plus interest at bank lending rate (which is presently up to 21%) | |

9. Pension Contribution

Employers that have 5 or more employees are required, under the Pensions Reform Act of 2004, to participate in a contributory pension scheme in favour of their employees. Employers with less than 5 employees may voluntarily elect to participate.

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| Rate of Contribution | 15% of monthly emolument (with a minimum contribution of 7.5% by the employer and up to 7.5% by the employee). The employer and/or the employee may make additional voluntary contribution. |
| Employers' Obligation | The employer is obliged to make monthly deductions at source from the employee's emoluments and remit to the Pension Fund Custodian (PFC) specified by the employee's Pension Fund Administrator (PFA) not later than 7 days after the payment of the employee's salary. |
| Penalty | Failure by an employer to remit contributions within the stipulated time attracts a penalty of 2% of the total contribution outstanding. |
| Life Insurance | The Pensions Reform Act also requires every employer to take out life insurance cover for its employees. The sum assured should be three times each employee's annual remuneration. The insurance cost is to be borne solely by the employer. |

**Monthly emoluments is defined as the aggregate of basic salary, housing and transport*

10. Industrial Training Fund (ITF) Contribution

*Applicable to employers with 25 or more *employees in any year*

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| Rate | 1% of annual payroll cost |
| Due date for Payment | Not later than 1 st April of the following year |
| Refund | An employer could get up to 60% refund of contributions made if adequate (documented) training courses were provided to the employees |
| Penalty for non compliance | 5% of the unpaid amount for each month |

**Employees, for ITF purposes, include all persons; whether or not they are Nigerians, whether employed on a full-time or part time basis, employed in any establishment in return for a salary, wage or consideration, including temporary employees who work for periods of not less than 6 months in any year.*

11. National Housing Fund Contribution

Applicable to Nigerian employees earning a minimum of N3,000 per annum

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| Rate | 2.5% of basic salary |
| Employers' Obligations | The employer is required to deduct the contribution from the salary of its employees and remit it to the Federal Mortgage Bank of Nigeria within one month of the deduction. |

Penalty for non compliance

Penalty ranges from N5,000 to N50,000 and 5 years imprisonment.

12. Customs and Excise Duties

Custom duties are levied on Cost, Insurance and Freight (CIF)

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| Rates | Rates vary for different items, and are assessed with reference to the prevailing Harmonized Commodity and Coding system (HS code). |
| Some Goods exempted from Customs duty | <p>Aircrafts or airlines registered in Nigeria and providing commercial services in Nigeria;</p> <p>Films, film-strips, microfilms, newsreel, slides and similar visual and auditory material of educational, scientific or cultural character imported by the United Nation, any of its specialized agencies or an approved education or science organization;</p> <p>Fuel, lubricants and similar products, which the Minister is satisfied are necessary for and will be used solely in the operation of an aircraft of the armed forces of a foreign power; or an aircraft registered in any recognized country;</p> <p>Goods Imported for the head of state, Commander-in-Chief of the Armed Forces;</p> <p>Goods Imported for the consular Officers;</p> <p>Diplomatic privileged importations;</p> <p>Goods obtained free as technical assistance from international donors;</p> <p>Passengers baggage;</p> <p>Life saving Appliances;</p> <p>Military Hardware and Uniforms; and</p> <p>Arms and Ammunition imported by the Nigeria Police Force</p> |
| Other rates | <p>7% surcharge (Port development levy) calculated on the customs duty</p> <p>0.5% trade liberalization scheme levy, calculated on customs duty (where import is from countries outside the ECOWAS region); and</p> <p>Value Added Tax (VAT) calculated at the rate of 5% on the CIF value of the import, customs duty and the charges stated above.</p> |
| Goods liable to Excise duty | <p>Beer & Stout;</p> <p>Wines;</p> <p>Spirits;</p> <p>Cigarettes and Tobacco manufactured and sold in Nigeria</p> |
| Prohibited goods | <p>Textile fabrics</p> <p>Furniture</p> |

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| Prohibited goods | <p>Beef & beef products Fresh or dried fruits, fruit juice in retail packs Soap & detergent Toothpaste Vegetable oil (excluding linseed and castor oils, hydrogenated vegetable fats used as industrial raw materials and olive oil in bottles) Men's foot wear and bags of leather and plastics (excluding ladies) Sugar confectionaries Telephone recharge cards Used motor vehicles above 8 years from the year of manufacture Maize & Wheat flour Spaghetti/Noodles (excluding Lasagne, Gnocchi, Ravioli and Cannelloni) Biscuits Beer Certain medicaments Bagged cement</p> |
| ECOWAS Trade Liberalisation Scheme (ETLS) | <p>Approved products manufactured by beneficiaries of the ETLS are allowed free access to markets within the ECOWAS region without any import duties in the destination countries.</p> <p>Products approved for the scheme must satisfy the rules of origin which require at least 60% local raw materials content (volume) or 40% local raw materials value (monetary) or a minimum of 35% local value added. The cost, insurance and freight (CIF) value of imported raw material must not exceed 60% of the total cost of raw materials used.</p> <p>ETLS is not fully operational going by the low level of implementation by member countries.</p> |

**Note - The Ministry of Finance reviews Customs and Importation Guidelines & Policies from time to time. Sometimes, the practice is not consistent with the law and policies. It is therefore recommended that you keep abreast of developments in this area and seek professional advice where necessary.*

13. Stamp Duties

Stamp duty is tax on documents evidencing transactions between persons

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| Instruments liable to Stamp Duty | <p>All instruments relating to an act to be performed in Nigeria must be stamped, except such instrument is specifically exempted.</p> |
| When to Stamp | <p>Instruments which are required to be stamped under the Stamp Duties Act must be stamped within 40 days of first execution.</p> |
| Rate | <p>Stamp duty is chargeable either at fixed rates or ad valorem (i.e., in proportion to the value of the consideration), depending on the class of instrument.</p> |
| Penalty | <p>The penalty for late stamping of instruments is N20; but where the unpaid duty exceeds N20, there shall be a further penalty in the form of interest on the stamp duty payable at the rate of 10% per annum subject to a maximum of the unpaid duty.</p> <p>Also, unstamped documents are generally not admissible in civil proceedings.</p> |

PricewaterhouseCoopers (PwC) is a global market leader for tax services. We assist businesses, individuals and organisations with tax strategy, planning, and compliance, whilst also delivering a wide range of business advisory services with 23,000 dedicated tax professionals in over 140 countries. This means that we can support you both locally and globally, wherever you require our services.

We take a holistic view, combining industry insight with the technical skills of financial and tax professionals, economists, lawyers and our other in-house resources as necessary, to develop comprehensive integrated solutions.

We have experience of working with an expansive and diverse client-base comprising all types of businesses - multinationals, local companies, privately-owned organisations, entrepreneurs, family businesses, trusts, partnerships and private individuals.

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Disclaimer

We have issued this Tax Data Card to provide a high level insight into key areas of taxation in Nigeria. It covers Corporate and Individual Income Tax, Capital Gains Tax, Withholding Tax, Social Security Contributions, VAT, Excise duty and Stamp duty. There are a number of other taxes and levies payable to federal, state or local governments, which have not been included. Although we have taken all reasonable care in compiling this data card, we do not accept responsibility for any errors or inaccuracies contained in the document. This publication is intended solely for your use to assist you in understanding the general rules applicable to taxation in Nigeria. It should not be used by any other person or for any other purpose without our prior written consent.

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